COMPANY RESULTS

IOI Properties Group (IOIPG MK)

4QFY25: Largely In Line; Declared Historic Dividend Since FY16

4QFY25 results came in largely in line, with a surprise from the record-high dividend of 8 sen for FY25. Looking ahead, we believe most negatives have been priced in, and expect sentiment to improve on the back of: a) resilient property and industrial sales supported by JS-SEZ demand, b) the planned REIT listing by end-1HFY27, and c) easing SORA rates. A repricing strategy at Marina View, if implemented, could drive stronger sales momentum. Maintain BUY with a higher target price of RM2.72.

4QFY25 RESULTS

Year to 30 Jun (RMm)	4QFY25 (RMm)	3QFY25 (RMm)	4QFY24 (RMm)	*qoq %chg*	yoy % chg	FY25 (RMm)	yoy % chg
Revenue	890.2	755.2	782.6	17.9	13.7	3,062.2	4.2
-PD	526.0	394.9	499.9	33.2	5.2	1,651.0	(18.1)
-PI	241.8	250.7	195.9	(3.5)	23.4	944.9	46.3
-L&H	117.7	105.4	83.2	11.6	41.5	449.7	70.5
-Others	4.7	4.2	3.7	13.2	28.5	16.5	12.2
EBIT	1,040.9	225.1	1,655.8	362.4	(37.1)	1,724.5	(22.5)
-PD	152.5	131.1	113.5	16.3	34.3	456.0	0.7
-PI	68.4	135.1	91.6	(49.4)	(25.4)	466.8	48.7
-L&H	(0.9)	(11.4)	(10.3)	(91.9)	(91.0)	(4.6)	(74.5)
-Others	11.5	6.9	7.5	65.5	53.8	33.6	50.7
PBT	1,023.5	146.4	1,637.5	599.1	(37.5)	1,454.4	(36.7)
PAT	823.9	76.1	1,545.6	982.3	(46.7)	1,064.0	(48.4)
Core PATAMI	105.5	111.1	180.6	(5.0)	(41.6)	386.9	(44.6)
Margins	**%**	**%**	**%**	**+-ppt**	**+-ppt**	**%**	**+-ppt**
Core PATAMI	11.9	14.7	23.1	(2.9)	(11.2)	23.7	12.6

Source: IOIPG, UOB Kay Hian

RESULTS

- **Largely in line.** IOI Properties Group (IOIPG) reported 4QFY25 core PATAMI of RM106m (-5% qoq, -42% yoy) on revenue of RM890m (+18% qoq, +14% yoy). This brings FY25 core PATAMI to RM387m (-45% yoy), representing 95%/96% of our/consensus forecasts, deemed largely in line. We derive our 4QFY25 core PATAMI after excluding an exceptional gain of RM718m, mainly from: a) RM916m of fair value gains from investment properties, b) RM121m of inventories write down, and c) around RM90m of deferred tax expenses recognised on fair value gains (RPGT provision).
- **Declared a dividend of 8 sen per share for FY25 (vs FY24: 5 sen),** a historical high since FY16.

KEY FINANCIALS

Year to 30 Jun (RMm)	FY24	FY25	FY26F	FY27F	FY27F
Net turnover	2,939.7	3,062.2	3,943.5	4,177.7	4,223.8
EBITDA	2,334.2	1,847.1	1,436.7	1,565.9	1,632.6
Operating profit	2,224.2	1,724.5	1,314.2	1,434.6	1,499.1
Net profit (rep./act.)	2,061.8	1,064.0	664.7	797.9	845.0
Net profit (adj.)	698.1	386.9	664.7	797.9	845.0
EPS (sen)	12.7	7.0	12.1	14.5	15.3
PE (x)	16.6	29.9	17.4	14.5	13.7
P/B (x)	0.5	0.5	0.5	0.5	0.4
EV/EBITDA (x)	12.2	15.5	19.4	17.8	17.0
Dividend yield (%)	2.4	3.8	3.8	3.8	3.8
Net margin (%)	23.7	12.6	16.9	19.1	20.0
Net debt/(cash) to equity (%)	69.4	69.5	65.3	64.5	62.4
Interest cover (x)	117.4	4.1	2.9	3.2	3.4
ROE (%)	2.9	1.6	2.7	3.2	3.3
Consensus net profit			657.8	798.7	-
UOBKH/Consensus (x)			1.0	1.0	-

Source: IOI Properties Group, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	RM2.10
Target Price	RM2.72
Upside	+29.5%
(Previous TP	*RM2.70)*

COMPANY DESCRIPTION

A property developer with a business portfolio encompassing leisure and hospitality, in addition to property development and property investment.

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	IOIPG MK
Shares issued (m):	5,506.1
Market cap (RMm):	11,562.9
Market cap (US$m):	2,741.0
3-mth avg daily t'over (US$m):	1.6

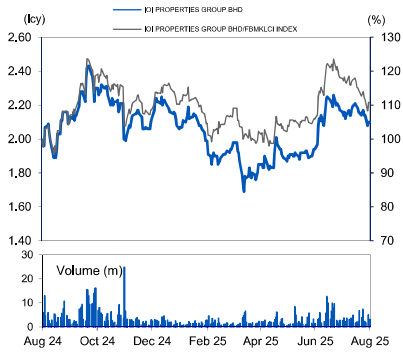
Price Performance (%)

52-week high/low				RM2.46/RM1.63
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(3.2)	11.7	1.9	5.5	(6.3)

Major Shareholders	**%**
Vertical Capacity	65.7
Employees Provident Fund	6.8

FY26 NAV/Share (RM)	1.25
FY26 Net Debt/Share (RM)	0.41

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- **Continue to benefit from JS-SEZ demand.** While 4QFY25 launches slowed to RM139m (-63% qoq), 4QFY25 sales grew 52% qoq to RM674m, supported by stronger landed homes sales in its Kulai townships and 16 Sierra in Klang Valley. This brings FY25 sales to RM1.8b (-16% yoy), short of its full year sales target of RM2b as expected, due to the absence of land sales (FY24: RM365m). Excluding land sales contribution, FY25 sales grew 2% yoy on stronger Johor contributions. While management acknowledged that DC demand has cooled after Apr 25's Liberation Day, it remains hopeful of finalising a chunky industrial land sale in 1HFY26. IOIPG continues to ride on JS-SEZ demand with RM6.8b worth of GDV in Johor as of end-Jun 25.

- **Marina View a key swing factor.** IOIPG expects to officially launch Marina View in phases starting Oct 25, which we believe reflects: a) the intent to expense interest costs progressively, and b) the limited take-up so far, which could prompt a pricing strategy adjustment from the current S$5,000psf on average, in our view. With the ABSD deadline in Sep 26, IOIPG is applying for a one-year extension, citing a different operating environment at the time of acquisition (before the ABSD hike of 60% to foreigners). Without an extension, the penalty would be S$275m, based on 25% of the S$1.1b residential land cost. That said, we believe approval is likely, given precedents of other developers securing extensions.

- **IOI Central Boulevard Towers (IOICB)'s commitment rate improved to 88% as of end-Jul 25 (vs 85% as of end-Jun 25).** 4QFY25 property investment revenue grew to RM242m (+23% yoy) due to higher occupancy from IOICB (actual occupancy at 60% and breakeven by end-FY26) and IOI City Mall as well as additional contribution from IOI Mall Damansara upon acquisition in Dec 24. Nevertheless, operating profit fell to RM68m (-25% yoy), due to a one-off recognition of leasing commission expense (c.RM30m) for IOICB. Going forward, IOIPG expects the leasing commission will be expensed immediately, instead of being capitalised. Meanwhile, its hospitality and leisure segment revenue grew to RM118m in 4QFY25, while operations loss narrowed to RM1m (vs -RM11m in 3QFY25). We expect the hospitality and leisure segment to turn profitable in 1QFY26, supported by summer holiday demand and higher occupancy rates.

EARNINGS REVISION/RISK

- We tweaked our earnings for FY26/27F by +1.5%/+1.1% for housekeeping purposes and introduce FY28F forecasts.

VALUATION/RECOMMENDATION

- **Maintain BUY with higher target price of RM2.72 (from RM2.70),** based on a 45% RNAV discount to an estimated RNAV of RM4.94. Our target price implies 0.6x FY26F P/B (+1SD of 10-year mean: 0.5x), and 22.5x FY26F PE. IOIPG is well-positioned to capitalise on the falling interest rates, given its high gearing level at 0.93x after the stake acquisition in South Beach Development. Two REIT listings each in Malaysia and Singapore are also underway to support its balance sheet.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) UPDATES

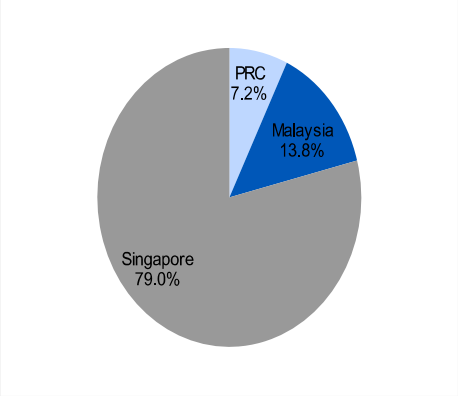
• **Environmental**
- Targets to reduce Scope 2 emissions intensity within the property investment operations by 15% by 2025 and 18% by 2028, using FY2021 as the baseline.
• **Social**
- Committed to promoting local procurement within its supply chain.
• **Governance**
- Achieved 33% of women representation among the Board of Directors.

RNAV TARGET PRICE OF RM2.72

NPV of Development Profits	(RMm)
Malaysia	
Central Region	1,655
Southern Region	501
Singapore	
Marina View	463
JV projects	122
China	
IOI Palm	40
Total	**2,781**
Shareholders' Funds	24,429
RNAV	**27,210**
Existing Sharebase	5,506
RNAV/share (RM)	4.94
Discount	45%
Target Price (RM)	**2.72**

Source: IOIPG, UOB Kay Hian

BORROWINGS POSITION MIX AS OF END-JUN 25

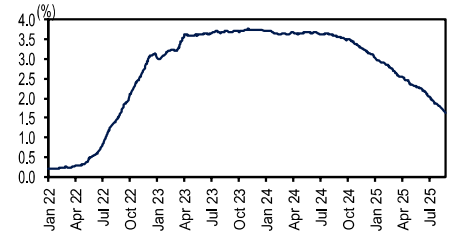


Source: IOIPG, UOB Kay Hian

ONE-YEAR FORWARD PB BAND

Source: Bloomberg, UOB Kay Hian

3-MONTH SORA



Source: Bloomberg, UOB Kay Hian

PROFIT & LOSS

Year to 30 Jun (RMm)	FY25	FY26F	FY27F	FY28F
Net turnover	**3,062.2**	**3,943.5**	**4,177.7**	**4,223.8**
EBITDA	1,847.1	1,436.7	1,565.9	1,632.6
Deprec. & amort.	122.5	122.5	131.3	133.5
EBIT	**1,724.5**	**1,314.2**	**1,434.6**	**1,499.1**
Associate contributions	109.1	114.6	114.6	114.6
Net interest income/(expense)	(379.2)	(403.5)	(391.1)	(384.3)
Pre-tax profit	**1,454.4**	**1,025.3**	**1,158.1**	**1,229.4**
Tax	(385.0)	(355.2)	(354.8)	(379.0)
Minorities	(5.4)	(5.4)	(5.4)	(5.4)
Net profit	**1,064.0**	**664.7**	**797.9**	**845.0**
Net profit (adj.)	386.9	664.7	797.9	845.0

BALANCE SHEET

Year to 30 Jun (RMm)	FY25	FY26F	FY27F	FY28F
Fixed assets	10,083.6	10,161.0	10,229.7	10,296.2
Other LT assets	26,032.4	26,247.0	26,461.6	26,676.2
Cash/ST investment	2,485.6	3,043.5	2,723.8	2,723.9
Other current assets	8,313.8	7,367.0	7,787.3	7,870.1
Total assets	**46,915.3**	**46,818.4**	**47,202.3**	**47,566.3**
ST debt	2,663.4	2,663.4	2,663.4	2,663.4
Other current liabilities	1,831.2	1,539.5	1,622.9	1,639.4
LT debt	16,926.3	16,726.3	16,526.3	16,326.3
Other LT liabilities	972.4	972.4	972.4	972.4
Shareholders' equity	24,428.8	24,818.2	25,313.2	25,855.4
Minority interest	93.3	98.7	104.1	109.5
Total liabilities & equity	**46,915.3**	**46,818.4**	**47,202.3**	**47,566.3**

CASH FLOW

Year to 30 Jun (RMm)	FY25	FY26F	FY27F	FY28F
Operating	**1,060.1**	**1,333.2**	**483.1**	**802.9**
Pre-tax profit	1,454.4	1,025.3	1,158.1	1,229.4
Tax	(385.0)	(355.2)	(354.8)	(379.0)
Deprec. & amort.	122.5	122.5	131.3	133.5
Associates	109.1	114.6	114.6	114.6
Working capital changes	126.6	655.2	(336.9)	(66.3)
Other operating cashflows	(367.6)	(229.2)	(229.2)	(229.2)
Investing	**(833.3)**	**(200.0)**	**(200.0)**	**(200.0)**
Capex (growth)	(1,236.6)	(200.0)	(200.0)	(200.0)
Capex (maintenance)	0.0	0.0	0.0	0.0
Others	403.4	0.0	0.0	0.0
Financing	**85.7**	**(575.3)**	**(602.8)**	**(602.8)**
Dividend payments	(275.3)	(275.3)	(302.8)	(302.8)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	1,274.6	(300.0)	(300.0)	(300.0)
Others/interest paid	(913.5)	0.0	0.0	0.0
Net cash inflow (outflow)	**312.6**	**557.9**	**(319.7)**	**0.1**
Beginning cash & cash equivalent	**2,223.6**	**2,485.6**	**3,043.5**	**2,723.8**
Changes due to forex impact	(50.6)	0.0	0.0	0.0
Ending cash & cash equivalent	**2,485.6**	**3,043.5**	**2,723.8**	**2,723.9**

KEY METRICS

Year to 30 Jun (%)	FY25	FY26F	FY27F	FY28F
Profitability				
EBITDA margin	60.3	36.4	37.5	38.7
Pre-tax margin	47.5	26.0	27.7	29.1
Net margin	12.6	16.9	19.1	20.0
ROA	1.0	1.7	2.0	2.1
ROE	1.8	3.0	3.6	3.7
Growth				
Turnover	4.2	28.8	5.9	1.1
Net profit (adj.)	(44.6)	71.8	20.0	5.9
Leverage				
Debt to total capital	44.5	43.9	43.1	42.3
Debt to equity	79.6	77.5	75.2	72.8
Net debt/(cash) to equity	69.5	65.3	64.5	62.4
Interest cover (x)	4.1	2.9	3.2	3.4

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